

**UNITED STATES  
DEPARTMENT OF AGRICULTURE**

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In Re:

Animal and Plant Health Inspection Service  
PUBLIC HEARING ON INTERIM GUIDELINES  
ON SOLID WOOD PACKING MATERIAL FROM CHINA

Pages: 1 through 53  
Place: Seattle, Washington  
Date: November 3, 1998

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**HERITAGE REPORTING CORPORATION**

*Official Reporters*  
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BEFORE THE UNITED STATES DEPARTMENT OF AGRICULTURE  
Animal and Plant Health Inspection Service  
PUBLIC HEARING ON INTERIM GUIDELINES  
ON SOLID WOOD PACKING MATERIAL FROM CHINA

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Location: Jackson Federal Building  
North Auditorium, Second Floor  
915 Second Avenue  
Seattle, Washington

Date: Tuesday, November 3, 1998  
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PRESIDING OFFICIAL: MIKE LIDSKY

PANEL MEMBERS: RON CAMPBELL  
JOE CAVEY  
DAVE REEVES  
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1 MR. MIKE LIDSKY: Ladies and gentlemen, good morning and  
2 welcome to the Animal and Plant Health Inspection

Heritage Reporting Corporation  
202-628-4888

1 Services' public hearing on its interim rule on solid  
2 wood packing material from China. My name is Mike  
3 Lidsky. I've been asked by the Deputy Administrator for  
4 Plant Protection and Quarantine, which we refer to as  
5 PPQ, to be the presiding officer for today's hearing.

6 Today's hearing in Seattle is the second of three  
7 public hearings we're holding on the interim rule. The  
8 first was held in Washington, D.C., on October 16, 1998.  
9 The third and final hearing will be held in Long Beach,  
10 California, on November 5th. The hearing in Long Beach  
11 will be held at the Hyatt Regency in Long Beach, 200  
12 South Pine, Regency Ballroom ABC, in Long Beach.

13 Notice of these hearings was published in the  
14 Federal Register on October 13th in Vol. 63 page 54553.

15 USDA previously held a briefing for stakeholders on  
16 September the 18th, the date of publication of the interim  
17 rule. The purpose of that briefing was to inform interested  
18 persons about the pertinent provision of the rule as early as  
19 possible and to answer clarifying questions about the rule.  
20 However, because there was not a court reporter present at  
21 that briefing the attendees were asked to refrain from  
22 providing comments on the interim rule.

23 The purpose of today's hearing, however, is to  
24 receive your comments on the interim rule. You'll have  
25 the opportunity to ask clarifying questions about the  
26 provisions of the interim rule and direct those questions to  
27 the persons who have been responsible for drafting the pest  
28 risk assessment as well as other documents associated with the  
29 interim rule. In the course of this process, Agency personnel

1 will be limited to clarifying or explaining the provisions of  
2 the interim rule, and the documents upon which it was based,  
3 but must refrain from answering questions which would address  
4 any particular future regulatory action the agency may take in  
5 the course of this regulatory proceeding.

6 APHIS views this hearing as an opportunity to  
7 receive public comments and answer clarifying questions  
8 and not as an opportunity for debate on the issues.

9 We will consider comments that are received within  
10 60 days of the publication of this rule in the Federal  
11 Register. After the comment period closes, we will publish  
12 another document in the Federal Register. The document will  
13 include a discussion of the relevant comments we've received  
14 and any amendments that may be made to the rule as a result of  
15 the comments. The comment period closes November 17, 1998 and  
16 comments must be received on or before that date.

17 If APHIS decides, based on comments received on this  
18 interim rule, to publish a rule that significantly  
19 changes the regulatory requirements in the interim rule  
20 in such a way that persons affected by the rule need time  
21 to change their business procedures, we will set an  
22 appropriate effective date for the rule to allow for the  
23 implementation of such changes. As noted in the Federal  
24 Register of September 18th, the effective date is  
25 December 17, 1998.

26 Persons who have registered to speak will be given  
27 an opportunity to speak before unregistered persons. If  
28 the time permits, persons who have not registered will be  
29 given an opportunity to speak once all registered persons

1 have been heard.

2 Today's hearing is scheduled to conclude at five  
3 p.m. I may conclude the hearing before five p.m. if all  
4 persons who have registered to participate have been  
5 heard and there are no other persons who wish to speak.  
6 However, I may limit the time for each presentation so  
7 that everyone is accommodated and all interested persons  
8 have an opportunity to participate. I will announce any  
9 other procedural rules for the conduct of today's hearing  
10 as may be necessary.

11 Extra copies of the interim rule published on  
12 September 18 in Volume 63 of the Federal Register on  
13 pages 50100 through 50111 and the pest risk assessment  
14 have been made available on the registration table.  
15 Copies of these documents can also be viewed by visiting  
16 the APHIS website at [www.aphis.usda.gov](http://www.aphis.usda.gov). There is also a  
17 special section on the website under "hot issues"  
18 specifically for the Asian Long horned beetle. A copy of  
19 the transcript for the Washington, D.C. public hearing  
20 can also be found on our website under the topic  
21 regulations. The address of our website is posted on the  
22 blackboard behind us.

23 All comments made here today are being recorded and  
24 will be transcribed. The court reporter for today's  
25 hearing is Mr. Robert Gee of the Heritage Reporting  
26 Corporation. Those persons wishing to receive a copy of  
27 today's transcript should contact the court reporter for  
28 today's hearing. He will provide a copy of the  
29 transcript for a fee and can be reached at the

1 Washington, D.C. number 202-628-4888. A copy of the  
2 transcript shall be made available for public inspection  
3 at the APHIS reading room, Room 1141 of the South  
4 Building, 14th and Independence Avenue Southwest,  
5 Washington, D.C. The room is open from 8 am to 4:30 pm  
6 except holidays. A copy will be available in  
7 approximately five business days and a copy most  
8 importantly will be posted on the website at the address  
9 listed on the blackboard.

10 As presiding officer I shall announce each  
11 registered speaker that has requested to make a prepared  
12 statement. Before commencing your remarks please state  
13 and spell your last name for the benefit of the court  
14 reporter. In accordance with the procedures noted in the  
15 September 18 interim rule, I am requesting that anyone  
16 that reads a prepared statement please provide me with  
17 two copies of your prepared statement at the conclusion  
18 of your remarks. Any written as well as oral statement  
19 submitted or presented at today's hearing as well as any  
20 written comments submitted prior to the close of the  
21 comment period shall become part of the public record for  
22 this hearing.

23 If an individual's comments do not relate to the  
24 stated purpose of this hearing, which is to present  
25 comments or questions on the interim rule, it will be  
26 necessary for me to ask that the speaker focus his or her  
27 comments accordingly.

28 Any comments made in addition to those presented at  
29 today's hearing should be submitted to Docket No. 98-087-

1 1, Regulatory Analysis and Development, PPD, APHIS, Suite  
2 3C03, 4700 River Road, Unit 118, Riverdale, Maryland,  
3 20737-1238. When submitting such comments by mail please  
4 submit an original and three copies.

5 Before concluding my remarks I would like to  
6 introduce the other persons seated in the front of the  
7 room.

8 To my left is Mr. Ron Campbell, who is an import  
9 specialist with the Phytosanitary Issues Management  
10 Branch of the PPQ programs.

11 Next to Mr. Campbell is Mr. Joe Cavey, an  
12 entomologist with PPQ.

13 Next to Mr. Cavey is Mr. David Reeves, the port  
14 operations specialist with the Agricultural Quarantine  
15 Inspection Unit of PPQ.

16 During the course of these proceedings I may make  
17 comments of an advisory nature to the panel members. I  
18 may advise the panel member not to respond if we believe  
19 that a posed question calls for a speculative response  
20 regarding future regulatory action that the Agency may  
21 take with regard to publication of a final rule. We  
22 simply do not know at this point what if any changes may  
23 be made to these regulations and hence we would not want  
24 to speculate on such matters.

25 Mr. Campbell will now provide background information  
26 on the interim rule and how to comply with it. After the  
27 presentation made by Mr. Campbell, I will call the first  
28 registered speaker. Ron.

29 MR. RON CAMPBELL: Good morning. My name is Ron Campbell.

1 I'm an import specialist with Plant Protection and  
2 Quarantine programs of the Animal and Plant Health  
3 Inspection Service in Riverdale, Maryland. As you are  
4 aware, Plant Protection and Quarantine is amending the  
5 regulation that governs the importation of logs, lumber  
6 and other unmanufactured wood articles to prohibit solid  
7 wood packing material from China unless it is imported  
8 under specific phytosanitary conditions.

9 Wood packing material is defined in the regulation  
10 as wood packing materials other than loose wood packing  
11 materials used or for use with cargo to prevent damage  
12 including but not limited to dunnage, crating, pallets,  
13 packing blocks, drums, cases and skids. Not included are  
14 synthetic or highly processed wood materials used as  
15 packing materials such as plywood, oriented strand board,  
16 corrugated paper board, plastic and resin composites.

17 This emergency action is necessary because of  
18 outbreaks in regulatory finds of exotic deep wood boring  
19 beetles linked directly to solid wood packing material  
20 from China.

21 On March 7, 1996, APHIS announced a quarantine in  
22 Brooklyn, New York, because of an infestation of the  
23 Asian Longhorned beetle. This is a serious pest in its  
24 native environment, China, where it has few known natural  
25 enemies. In the United States it has none. Asian  
26 Longhorned beetles attack many different hardwood trees  
27 including Norway, sugar and red maple, horse chestnut,  
28 poplar, willow, elm and black locust. The female adult  
29 lays eggs on the bark of the tree that hatch into larva.



1       The larva then bore into the hard wood of the tree and  
2       eventually kill it. Because the insects spend the  
3       majority of their life cycle inside the tree, it is  
4       virtually impossible to eradicate them with insecticides  
5       and research has not yet produced a trap specific to this  
6       pest. The only way to eradicate the beetle is to remove  
7       and destroy infested trees.

8               Since this outbreak APHIS intensified its inspection  
9       protocol to uncover the source of the infestation. In  
10      warehouses and residential sites outside of U. S. ports  
11      of entry inspectors discovered the Asian Longhorned  
12      beetle and three other dangerous forest pests 26 times in  
13      14 states around the country. Every interception was  
14      associated with solid wood packing material from China.

15             Now that it's been proven that solid wood packing  
16      material associated with general cargo from China is a  
17      pathway for exotic forest pests and existing  
18      phytosanitary measures outlined in the regulations are  
19      ineffective in preventing the entry of these pests, U. S.  
20      producers, environmental groups and the national plant  
21      board consisting of Departments of Agriculture from all  
22      50 states have petitioned APHIS to take emergency interim  
23      measures to halt the further introduction of these pests.

24             Then in July of this year another infestation of  
25      Asian Longhorned beetles was discovered in Chicago,  
26      Illinois, adding to the emergency of the situation and  
27      confirming that these emergency interim measures are  
28      warranted.

29             A pest risk assessment was completed revealing the

1       likelihood of establishment and consequences of  
2       introduction of the Asian Longhorned beetle, *Anoplophora*  
3       *glabripennis* and three other genera of insects  
4       intercepted on wood packing material from China:  
5       *Monochamus*, *Ceresium* and *Hesperophanes*.

6               Specifically, the PRA evaluated the Asian Longhorned  
7       beetle's current status in China as a perennially serious  
8       pest despite the presence of co-evolved natural enemies  
9       and warned of the disastrous effects this pest could  
10      inflict on U. S. forests, changing the composition of  
11      three species enough to cause significant ecological  
12      impact.

13             An environmental assessment and finding of no  
14      significant impact have been prepared for this rule  
15      weighing the risks associated with added pesticide usage  
16      versus the threat to our environment from further  
17      introductions of exotic forest pests.

18             In this analysis APHIS carefully considered four  
19      alternatives and their potential environmental  
20      consequences. Specifically, APHIS is concerned that any  
21      increase in methylbromide use as a result of this interim  
22      rule does not cause long-lasting damage to the ozone  
23      level. APHIS also emphasizes that this is an interim  
24      measure that will remain in effect for only as long as it  
25      takes to develop a more effective solution to the  
26      problem, a pest problem that could, if not addressed,  
27      result in substantial environmental damage to forests and  
28      ecosystems in the United States.

29             Also evaluated during the development of this

1 regulation were the costs associated with the  
2 introduction of this pest. This economic analysis  
3 concluded that if left unchecked these pests have the  
4 potential to cause economic losses of \$41 billion  
5 affecting the forest, maple syrup, nursery and tourist  
6 industries in the United States. The added cost to APHIS  
7 associated with this inspection and possible destruction  
8 of untreated solid wood packing material were also  
9 assessed. To compensate for these costs APHIS will  
10 charge a new hourly user fee in cases where inspection  
11 services exceed normal service demands. The new user  
12 fees will cover situations in which APHIS must inspect  
13 the shipment that lacks required exporter statement or  
14 certificate. For example, if an inspector determines  
15 that shipment imported from China contains untreated  
16 solid wood packing material in violation of the  
17 quarantine the inspector may allow the importer to  
18 separate the cargo and destroy or re-export the wood  
19 under APHIS supervision. This service would, however,  
20 exceed the normal services provides under the current  
21 user fee structure. Accordingly, to offset some of these  
22 additional costs APHIS will charge the importer an hourly  
23 user fee for these services.

24 Many inter and intra-departmental briefings occurred  
25 during the development of this rule and comments and  
26 suggestions were accepted from U. S. Customs, the  
27 Department of Commerce, the Department of State, the U.  
28 S. Trade representative, the President's council on  
29 environmental quality and others to insure that all

1 agencies and departments most impacted by these new  
2 requirements are prepared for their implementation.

3 On Friday, September 18th, APHIS published these new  
4 requirements. They state that starting December 17,  
5 1998, APHIS will require that all cargo shipped from  
6 China and Hong Kong be accompanied by official  
7 certification from the Chinese government stating that  
8 all solid wood packing material associated with the  
9 shipment is heat treated, fumigated or treated with  
10 preservatives prior to arrival in the United States. If  
11 no solid wood packing material is associated with the  
12 cargo then the import documentation relating to the  
13 shipment must include a statement declaring so. Solid  
14 wood packing material without a certification of  
15 treatment will be prohibited. Solid wood packing  
16 material found infested will be prohibited.

17 There will be no treatment option in the United  
18 States except destruction or re-exportation of the wood.  
19 If there is no solid wood packing material associated  
20 with the shipment then a statement from the exporter must  
21 appear on the shipping documentation declaring this.

22 The Hong Kong special administrative region is  
23 included because about one-half of mainland China's  
24 exports to the United States come through Hong Kong. In  
25 view of the separate customs territory status and  
26 separate quarantine and inspection regime maintained by  
27 the Hong Kong special administrative region we are  
28 considering changes to the interim rule in order to avoid  
29 unnecessary effects on Hong Kong's trade with the United

1 States while preventing further introduction of serious  
2 plant pests.

3 After the October 16th public hearing in Washington,  
4 DC, there was some confusion over the December 17  
5 effective date. This date refers to the date the cargo  
6 leaves China, that is, cargo leaving China on or after  
7 the December 17th effective date is subject to the  
8 requirements of the interim rule.

9 A notice was published in the Federal Register on  
10 October 23rd clarifying this issue and is available at  
11 the registration table.

12 As previously stated, we are accepting written and  
13 oral comments from the public in reaction to this new  
14 regulation. From these comments we hope to be made aware  
15 of possible adjustments and improvements to the rule.  
16 Some ambiguities have already come to light and are  
17 addressed in the Qs and As available at the registration  
18 table. Included in these Qs and As are specific  
19 treatments extracted from the PPQ treatment manual that  
20 are efficacious in controlling this pest.

21 Also included is a sample of one of the fumigation  
22 certificates we will be accepting upon implementation of  
23 the regulation.

24 After the December 17 effective date, we will  
25 continuously monitor and evaluate the program we have put  
26 in place and make adjustments where warranted.

27 If it is discovered that these interim measures are  
28 not sufficient, then more restrictive actions will be  
29 considered.

1           Thank you in advance for your comments and for  
2           taking time to help APHIS prevent further introductions  
3           of these destructive forest pests.

4   MR. LIDSKY:   Thank you, Ron.

5           Our first registered speaker is Mr. Steven Odom.

6   MR. STEVEN ODOM:   Good morning.   Thank you very much for  
7           coming.   My name is Steven Odom, O-d-o-m.   I'm the  
8           director of international trade for the Eddie Bauer  
9           Corporation and I primarily have some questions.

10           Shall I read the questions first or should I go  
11           through them and wait for answers one at a time?

12   MR. CAMPBELL:   I think one at a time.

13   MR. ODOM:   As I understand the interim rule it is required  
14           that all shipments that do not contain solid wood packing  
15           material must be accompanied by a declaration to that  
16           effect.   The Eddie Bauer Corporation imports wearing  
17           apparel and virtually shipments with solid wood packing  
18           material.   But the first question I have is, has APHIS  
19           adopted specific language for that declaration or just  
20           "this shipment does not contain solid wood packing  
21           material."

22   MR. CAMPBELL:   That's sufficient.

23   MR. ODOM:   So there's no specific language.

24   MR. CAMPBELL:   That's correct.

25   MR. ODOM:   Second question is, it was mentioned both in the  
26           documentation that came with the interim rule and just  
27           with the comments this morning that the shipping  
28           documents must have that with them.   My specific question  
29           is, which shipping document, does that declaration have

1 to be signed, if by whom how many copies are required?

2 MR. CAMPBELL: The statement could appear on an invoice; it  
3 could appear on a bill of lading; it could appear on a  
4 ship's manifest. It does not need to be signed. It's  
5 designed to alert Plant Protection Quarantine officials  
6 that this shipment doesn't contain wood packing material.

7 So, it has to come from the exporter and it can  
8 appear on the documentation you feel would be most  
9 effective in getting the word to the right people so your  
10 cargo does not get held up.

11 MR. DAVE REEVES: In addition to that, what we would certainly  
12 hope that you would do would be working -- if you know  
13 the port of arrival, talk to your local PPQ folks and  
14 make sure that where you're putting it would be most  
15 advantageous and expedite the cargo.

16 MR. ODOM: Thank you. I believe that in the documentation  
17 also it indicated that the PPQ manual is found at 7CFR  
18 300, is that correct?

19 MR. REEVES: No, you won't find it there. It's incorporated  
20 by reference and that's the Federal Register site, but  
21 the treatments we're speaking of for solid wood packing  
22 material, we've taken them out of the treatment manual  
23 and they're made available at the registration table.

24 MR. ODOM: Thank you very much. The other question is, has  
25 APHIS compiled a list of those entities within China that  
26 are qualified to do the fumigation or to provide the heat  
27 treatment?

28 MR. CAMPBELL: Not as yet. We have an official on the way to  
29 China as we speak who is going to be working directly

1 with the government of China to iron out some of these  
2 previously unaddressed questions like who is the body or  
3 the ministry in China that will be certifying these. We  
4 have been told that it will be CIQ, which is their  
5 Ministry of Agriculture, but we have nothing official  
6 from the Chinese government yet, but we expect an answer  
7 to that soon. And as soon as we get those answers we  
8 will make them available on our website. That's proven  
9 to be the most effective way of getting the word out to  
10 the industry.

11 MR. ODOM: Thank you very much. One other question and then a  
12 comment. Also in the Q&A material that was provided this  
13 morning, you indicate that there will be APHIS-let  
14 blitzes for intensive inspection at certain ports. Will  
15 those be focused on shipments that are most likely to  
16 contain solid wood packing material or will they be  
17 broad-based, all product coming in from China?

18 MR. REEVES: Once the interim rule is in effect, we will be  
19 sampling broad base, but most blitzes will be directed  
20 toward cargos that we feel most likely to have pests.

21 MR. ODOM: And one last comment is that the regulation does  
22 require that certificates with solid wood packing  
23 material accompany the shipment and it would be requested  
24 that the requirement that the documentation for non --  
25 for shipments that do not contain solid wood packing  
26 material be deleted. From what I understand with the  
27 material that came with the interim regulation there's  
28 approximately a million shipments coming in from China on  
29 an annual basis into the United States and that only



1 approximately 50 percent of those would actually contain  
2 solid wood packing material, so by requiring that all  
3 shipments have essentially a negative declaration  
4 increases a significant amount of paper work for both

5 That would be most appreciated. Thank you,  
6 gentlemen, for your time.

7 MR. LIDSKY: Thank you. Our next registered speaker is Mr.  
8 Weiwen.

9 MR. HE WEIWEN: Good morning. My name He Weiwen. I'm from  
10 the Chinese Consulate in San Francisco. Thank you for  
11 the time explaining the interim rule regarding the SWPM,  
12 the solid wood packing materials from China.

13 I would like to ask a few questions. First, as I  
14 learned from a report from my government that China  
15 accounted for 80 percent of the total sample inspections  
16 in the last couple years, but only accounted for 4  
17 percent of the total findings of the exotic insects,  
18 pests; so is your inspection conducted toward China  
19 mainly or towards all other sources from the world?

20 MR. JOE CAVEY: The way we handle solid wood packing materials  
21 is that we are not required to look at these by laws, we  
22 are fresh vegetables and other regulated agriculture  
23 articles. So, there's a lot of decision making in the  
24 ports as to where risk lies and when they find that the  
25 risk is high in certain places, from certain origins, or  
26 from certain commodities, they go in that direction.

27 I'm not sure where your 80 percent figure comes  
28 from, but I suspect that the amount of inspections on  
29 Chinese materials versus others varies from port to port

1 depending on the findings that the local managers have as  
2 far as risk is concerned.

3 Your figure on how many insects or pests from solid  
4 wood material were found in Chinese goods is not what I  
5 have. At the national level when we look at all ports,  
6 over the last year and three-quarters, that is, '97  
7 through '98 to date, quarantine pests intercepted from  
8 China solid wood packing materials is nearly equal to  
9 that from the rest of the world combined. So it's about  
10 50 percent of the risk that lies out there.

11 MR. WEIWEN: Thank you. My second question, first I should  
12 say that we totally favor protection against pests for  
13 the sake of the forests in the United States and the  
14 question is how to handle that. You require that all  
15 solid wood packing materials shipped from China should be  
16 treated before leaving China for the states, either  
17 fumigated or heat treated or preserved. The question is,  
18 is there presently facilities in China, do we have the  
19 present facilities to handle all these problems before  
20 having those goods shipped out to the states. As I read  
21 in your document that roughly 12 to 16 billion U. S.  
22 dollars goods would be affected. So, in this way we send  
23 goods shipped from China to the states are shipping from  
24 different ports. I don't believe that we presently have  
25 that facility to do that.

26 So, can we open that to some alternatives. For  
27 instance, we have packing materials soaked for a certain  
28 period or we choose other woods that already fell down  
29 for over two years. It is highly -- impossible that the

1 Longhorn beetles would survive, or we can have some other  
2 materials with thin panels. So would any alternatives  
3 that could be proven safe by mutually agreed tests be  
4 considered for this kind of treatment in order to  
5 facilitate the trade and to minimize the disruption on  
6 trade?

7 MR. CAVEY: Yes, we would definitely consider any alternatives  
8 that the Chinese government can come up with and we will  
9 evaluate any data that they can provide that proves that  
10 these treatments will control the pest problem. But they  
11 have to be submitted to us in the form of comments so we  
12 can evaluate them prior to the effective date.

13 MR. WEIWEN: Thank you.

14 MR. LIDSKY: Our next speaker is Mr. Scott McCool.

15 MR. SCOTT MCCOOL: My name is Scott McCool, M-c-C-o-o-l. I'm  
16 with Ongoing (phonetic) Company located in Kirkland,  
17 Washington. We're an importer-exporter of wood products.  
18 Most of my questions were answered by the previous  
19 speakers but I do have one question, it's kind of a  
20 circumstance that's a little bit unique to our business  
21 that we're doing in China right now. All of our material  
22 that comes from a facility that we export out of China in  
23 comes out of New Zealand in the form of kiln dried  
24 ratiota (phonetic) pine. We bring it in from New  
25 Zealand, process the material in China, then use the low  
26 grade fall down that comes out of this lumber as -- we  
27 finger join it and use as packing material. My question  
28 is, first, would New Zealand heat treating certificate  
29 for that material from New Zealand meet the regulations

1           or the qualifying treatment for this; and then, secondly,  
2           if not what options do we have then in terms of utilizing  
3           this material?

4   MR. CAMPBELL: Does the material come directly from New  
5           Zealand to the U.S. or New Zealand, China, U.S.

6   MR. McCOOL: It goes New Zealand, China and U.S.

7   MR. CAMPBELL: Then that wood packing material would have to  
8           be accompanied by a certificate from China, unless -- you  
9           say it's finger joined?

10   MR. McCOOL: Yes, what we do it comes in in lumber form, and  
11           it's already kiln dried, we run it through a processing  
12           then of getting clear wood out of it. We take the low  
13           grade wood that doesn't make our product requirement and  
14           finger join it for packing material to be used to package  
15           our finished products that come out of the lumber.

16   MR. CAMPBELL: Then China should be able to or could be able  
17           to provide a certificate for that shipment saying that  
18           the material was kiln dried when it came into China,  
19           therefore it's considered treated.

20   MR. McCOOL: So if I have a certificate from New Zealand comes  
21           in, which we do require a certificate coming in that  
22           states it's kiln dried. A copy of that certificate  
23           accompanying the export shipment then to the U.S.

24   MR. CAMPBELL: Technically, no; technically it needs to be a  
25           certificate from the government of China to be in  
26           compliance with the regulation. But that certificate  
27           should be able to alert the Chinese officials that the  
28           material is kiln dried and they can certify it based on  
29           that certification; more or less like a re-export

1 certificate.

2 MR. McCOOL: Okay, then, just to follow up on one of the  
3 previous answers I heard; there is right now the official  
4 representative of the Chinese government who would  
5 certify this. Right now we don't have an agency there.  
6 Who is going to be the ones responsible for this, at this  
7 time?

8 MR. CAMPBELL: We are fairly certain that it's going to be the  
9 Ministry of Agriculture. The acronym for that is CIQ.  
10 But we don't have that confirmed yet. There may be other  
11 ministries. It's a huge task and there may be other  
12 agencies designated by the Chinese government that would  
13 be able to perform this function as well as the Ministry  
14 of Agriculture.

15 So, we're fairly certain that right now the Ministry  
16 of Agriculture will be supplying certificates of  
17 treatment, but we're not sure whether or not they're the  
18 only ones.

19 MR. McCOOL: That's all I have. Thank you.

20 MR. LIDSKY: Our next speaker is William Denison.

21 MR. DENISON: My name is William Denison, D-e-n-i-s-o-n. I'm  
22 a mycologist and forest ecologist. For nearly 50 years  
23 I've been involved with attempts to stop the spread of  
24 introduced tree diseases. But in recent years I've been  
25 more concerned with preventing introduction of new forest  
26 diseases than with stopping old ones.

27 Sometimes this has brought me into direct conflict  
28 with APHIS. Today, however, I'm happy to be able to  
29 support APHIS's assertion that there is an urgent need to

1 prevent pests and diseases from entering the United  
2 States on or in solid wood packing material from China.

3 I received a Ph.D. in mycology from the Department  
4 of Plant Pathology at Cornell University in 1956. In  
5 1993 I retired from the Department of Botany and Plant  
6 Pathology at Oregon State University, where I taught  
7 mycology and conducted research for 37 years. I'm  
8 president of Northwest Mycological Consultants in  
9 Corvallis, a private consulting firm that contracts with  
10 government agencies and private landowners to provide  
11 information about fungi and about forest ecology.

12 By virtue of my credentials and experience I believe  
13 I'm qualified to comment on issues involving fungi which  
14 cause forest diseases.

15 The most damaging introduced forest diseases in the  
16 United States have come from eastern Asia, at least  
17 initially. In some cases the disease-causing fungi were  
18 carried in solid wood, such as for example veneer logs.  
19 Therefore, it is important that any solid wood imported  
20 from eastern Asia, including packing materials, be  
21 adequately treated to ensure that it does not harbor  
22 damaging new diseases.

23 Although the proposed amendment lists several  
24 categories of preventive treatment, including heat  
25 treatment, but also including fumigation or  
26 preservatives, I insist that heat treatment should be the  
27 preferred or perhaps the only treatment. For sawn  
28 lumber, such as is used for crates and pallets, kiln  
29 drying is both practical and effective. With either

1 fumigation or preservatives there is difficulty in  
2 determining whether the pesticide has penetrated  
3 sufficiently to kill fungi in the interior. Furthermore,  
4 any chemical treatment which has the potential to leave a  
5 residue in the wood, turns the packing material into a  
6 toxic waste which must ultimately be disposed of when the  
7 packing material has served its original purpose.

8 In conclusion, I support APHIS's proposed amendment,  
9 including the preferred option, Option B, but in doing so  
10 I urge APHIS to require heat treatment of imported solid  
11 wood rather than allow application of either fumigants or  
12 preservatives.

13 Thank you.

14 MR. LIDSKY: Thank you. John Galvin, please.

15 MR. GALVIN: Good morning. My name is Dr. John Galvin, G-a-l-  
16 v-i-n. I'm the director of the Pacific Rim Institute for  
17 the Study of Management. My concerns are with some of  
18 the issues surrounding the implementation of the APHIS  
19 regulations.

20 I submitted a paper in which discuss how under-  
21 standing the Chinese response to these new regulations  
22 will be important for effective implementation. And I  
23 suggest that in addition to more strict regulations and  
24 more stringent inspections, other interventions are  
25 required.

26 In my view, the ultimate objective will be to  
27 improve the work practices in the area of packing  
28 containers, fumigation, heat treatment and learning how  
29 to use alternative materials other than wood packing

1 materials.

2 Now, how would China react to these regulations?  
3 It's been clearly stated in most of the APHIS material  
4 that trade between the United States and China has  
5 increased very rapidly and there's a lot of money  
6 involved. There's also a great deal of money involved in  
7 protecting the environment. We're talking about billions  
8 of dollars. That for most of us is more money than we  
9 can imagine. But the reality is that if things aren't  
10 implemented effectively a lot of people will suffer  
11 economically, our environment will suffer, both people  
12 here in the United States and people in China.

13 As a management consultant I know that to change  
14 work practices takes a great deal of time. The American  
15 auto industry is a good example. The Japanese challenged  
16 the way we did our work. It took us ten years to change  
17 our practices to retool, to upgrade skills, to learn new  
18 technologies--ten years. And that's with all the  
19 resources of a company like General Motors.

20 How long will it take for the Chinese to upgrade the  
21 practice? There country is going through a rapid  
22 economic development. Every area of their society needs  
23 money, needs people, needs development initiatives. So,  
24 this is a challenge to the Chinese government.

25 Now, let me clarify. I'm not representing any  
26 particular organization.

27 China and the United States differ in many  
28 fundamental ways and for us to really implement this  
29 program I think it's important we understand some of



1       these differences.

2               How will the Chinese respond? I think what we'll  
3       see, they will respond with no sense of urgency. One of  
4       the big differences between our two cultures is the sense  
5       of time. Americans make decisions and act rapidly. We  
6       believe deadlines are extremely important. The Chinese  
7       react very cautiously, very slowly. There's no sense of  
8       urgency and deadlines in their culture can always be  
9       changed. So, what we're going to see is a very slow non-  
10      urgent response. A number of newspaper articles have  
11      already identified this. They will not feel a sense of  
12      urgency in response to these rules, even when containers  
13      start going back. There will be no sense of urgency.  
14      There will be a very slow, cautious response. I think  
15      it's important to understand that, because our tendency  
16      is to increase punitive action to try to get more  
17      response. But it won't come, it'll be very slow.

18             Secondly, America is a low context culture. China  
19      is a high context culture. Simply stated this means that  
20      Americans tend to view specific issues just as that--  
21      specific. So, when these gentlemen are dealing with the  
22      issue of the Asian Longhorn beetle, they're just dealing  
23      with a specific environmental issue and in no way are  
24      they making comments about the general relationship  
25      between the United States and China, the trade  
26      relationship. However, as a high context culture, the  
27      Chinese interpret every small movement as something  
28      reflecting on the total relationship. So, there  
29      interpretation is, this is an attack on the Chinese

1 people. This is an action that threatens U.S/China trade  
2 relationships. So they see it as a very, very big issue  
3 where you're dealing with trying to stop this little  
4 critter from getting into the country.

5 Will the Chinese be very sensitive? Yes. And  
6 again, I think that response has come out, weak central  
7 control. One of the -- both the Chinese -- and I've  
8 worked in China and Asia for 30 years, and I say that we  
9 don't understand them and they don't understand us.

10 Now, one of the myths that we harbor about Chinese  
11 society is that it is a very highly authoritarian,  
12 centrally controlled culture. That's not true. There's  
13 always a great deal of give and take between the central  
14 government, the provinces and the local townships. To  
15 believe that by making a few announcements, dealing with  
16 a few high officials in Beijing that the message is going  
17 to get down to the people who are packing the crates, who  
18 are putting things in the containers and exporting them  
19 is really not realistic. And I think in indirect ways  
20 you're already suggesting that process, although you've  
21 begun communicating with people, it's going to take maybe  
22 two years before the people at the grass root levels get  
23 the message. What needs to be done? What are the  
24 changes in regulations?

25 So, it's not a central authority in communicating  
26 and basically what I suggest is that there has to be more  
27 communication at very local, grass roots level.

28 Our business partners will take care of things.  
29 There's no need for us to change. Chinese companies

1 selling to large American companies or in joint ventures  
2 will assume that the American partner is going to take  
3 care of things. So, it's no need for them to change.  
4 That's the nature of relationships in China. It's always  
5 the superior or the dependant. Superiors have  
6 obligations; being in the dependant role, you have  
7 privileges. So, the general assumption will be that our  
8 American buyers or our joint venture partners are going  
9 to manage the government relationships and in some ways  
10 circumvent the rules. So, we really don't have to change  
11 our behavior. Those American companies that have a very  
12 good relationship with Chinese suppliers will work with  
13 them to educate them and gradually make some changes.  
14 But many, many organizations will see it basically as the  
15 American companies' responsibility to see that these  
16 containers get through and go on their way. And  
17 therefore when they're sent back they're going to be  
18 disappointing in their American business partners and in  
19 the U. S. government. Why don't you understand that they  
20 should have taken care of it? Suspicion and even  
21 paranoia.

22 Two characteristics distinguish Chinese culture.  
23 One is, for most of the history it's been a closed  
24 society. They have been self-sufficient.

25 A second characteristic is as a culture China has  
26 always been convinced--and we suffer this problem, too--  
27 of moral superiority.

28 Now, when the West came to China it disrupted that  
29 equilibrium. The basic response is that China after

1 being occupied by foreign powers for over a hundred  
2 years--and if you think of our own civil war, or our own  
3 Viet Nam experience, how that's affected the American  
4 psyche--the Chinese, who have been occupied by foreign  
5 powers, abused by foreign powers for over 150 years,  
6 generally respond to any of these type of regulations  
7 with a great deal of suspicion that you are somehow  
8 trying to manipulate them in order to maintain dominance,  
9 to control the market, to capitalize on their weaknesses.  
10 So, there will be a lot of suspicion.

11 Now, this is a very brief presentation, but I think  
12 if we understand that, there's a number of conclusions.  
13 The APHIS, USDA, has to take certain responses to protect  
14 the environment. What I suggest is there has to be  
15 additional responses. And these responses need to  
16 involve government, private industry and private agencies  
17 within our society and within China.

18 Let me give just some very quick examples. APHIS is  
19 going to be caught in the middle of this. I've had a few  
20 discussions and just doing a quick review. You don't  
21 have the facilities, you don't have the people, and the  
22 government probably ain't going to give you the money to  
23 do the inspection that you know you need to do. So,  
24 what's your choice? Do you work harder? Do you lobby  
25 for more money, do the inspections? But who's going to  
26 burn the wood? Who has the facilities to do this?

27 Anybody who makes a little below-the-surface  
28 investigation sees that a lot of this is not there. So  
29 you're either going to have to send it back or you're

1 going to have to look the other way and let it go  
2 through. But you're going to be caught between business  
3 interests and community interests. When you're cutting  
4 down trees in Chicago, 200 trees--and I grew up in  
5 Chicago--in a neighbor local government is going to be  
6 very upset.

7 Now, what can be done? I think there has to be a  
8 group of people--government, private, commercial--both  
9 here in the United States and in China working together.  
10 And the example is, we have many communities that have  
11 relationships in China. They can help communicate the  
12 message.

13 Another possibility and remember one of the goals is  
14 to educate and I think this was brought up, do we know  
15 how to fumigate, do we have the facilities, do we have  
16 the capability? I think we have to help educate people  
17 in China, exporters, on ways of properly fumigating and  
18 we're basically saying, you have to fumigate things but  
19 don't use the traditional methods to fumigate. They're  
20 not working.

21 But help them educate. Example. Can we organize a  
22 city-to-city seminar or some trade show--government,  
23 private organizations and commercial organizations  
24 working together going from city to city educating the  
25 exporters. What you must do to meet the new regulations.  
26 Educating them in the area of not only regulations, not  
27 only what American people are thinking, how Chinese  
28 people are thinking. We need to show some empathy for  
29 them. But also involving those organizations that can

1 provide alternatives, alternate packaging materials,  
2 alternative fumigation methodology and go from city to  
3 city and educate.

4 So, basically the gist of the paper is that although  
5 these new regulations and these interventions and  
6 inspections are necessary, that much, much more needs to  
7 be done if we're going to avoid billions of dollars in  
8 loss, both in the United States and for the Chinese  
9 people.

10 Thank you very much for your time.

11 MR. LIDSKY: Thank you, Doctor. Our last registered speaker  
12 is Claire--and I apologize for mispronouncing the name--  
13 Egtvedt.

14 MR. EGTVEDT: Apology accepted. Clair Egtvedt, E-g-t-v-e-d-t.  
15 Named after a famous fellow in our town.

16 I just have a subtle variant of an earlier discussed  
17 question, a situation which involves U.S. pallets sent  
18 overseas with frozen fish, in this case, for further  
19 processing, to be returned back to the U.S. Some of the  
20 pallets probably have names or initials of our various  
21 companies and things of this nature. But this was our  
22 first time over there, got caught and found out about it  
23 and we're curious--our first two vans are coming back  
24 palletless.

25 But is there a way that U.S. pallets can go over  
26 there with product and coming back. In this particular  
27 case it's frozen goods.

28 MR. CAMPBELL: Are the pallets treated already? Are they  
29 treated, kiln dried in some fashion?

1 MR. EGTVEDT: As far as I know the pallets are kiln dried. At  
2 this point I can't verify that.

3 MR. CAMPBELL: We've gotten that question a number of times.  
4 The problem is, how do you prove it? You say they're  
5 U.S. goods returned, but how do you prove that they were  
6 treated? The only way we think we can control it is to  
7 have some type or proof from the government of China that  
8 the material has been treated prior to export. Unless  
9 you can provide certification of treatment to the Chinese  
10 government, like the gentleman shipping pallets from New  
11 Zealand, and the Chinese can certify based on that.

12 MR. EGTVEDT: I understand.

13 MR. CAMPBELL: Previous certification, then we could accept  
14 that. As the rule reads right now it would require a  
15 certificate of treatment and we welcome any ideas you  
16 might have on how we can adjust the regulations to  
17 accommodate that, because that is a big issue. At this  
18 time they would require certification.

19 MR. EGTVEDT: Could I ask Mr. Cavey, is there any particular  
20 time in frozen temperature that will take care of these  
21 little monsters, given the thickness of wood we're  
22 talking about is pallets.

23 MR. CAVEY: There's a lot of work that needs to be done on  
24 what would control this beetle in solid wood material and  
25 how -- there's a lot of work that's been done in China  
26 trying to control this thing in the environment and much  
27 of that work is very -- well, it's not conclusive that  
28 too many things work. See, this thing is native to  
29 northern China, so it's latitude can go -- if you compare

1 U.S. to there, it goes up to the Great Lakes. So,  
2 freezing isn't going to bother this thing in most cases.

3 Now, certainly if it's more exposed because it's in  
4 a thin pallet than if it were in a thicker one you would  
5 have some kill. But, of course, what we need is to  
6 reduce these things to the point where we're not worried  
7 about the shipment. Most of our treatments in the manual  
8 that Mr. Campbell referred to earlier and that are  
9 documented back here, are meant to kill a hundred percent  
10 of what's in the shipment.

11 MR. EGTVEDT: Okay, appreciate your comments. Thanks.

12 MR. LIDSKY: Are there any persons who have registered to  
13 speak who would like to come to the podium and make some  
14 comments to the panel?

15 MR. FIDLER: My name is Chris Fidler, F-i-d-l-e-r. I'm with  
16 Airborne Express at our headquarters here in Seattle.

17 Our question is primarily concerned with the  
18 financial responsibility for separation, disposition or  
19 re-exportation of solid wood packing materials found not  
20 in compliance with the interim rule. Much of the cargo  
21 that comes from China through our company is shipped on a  
22 collect basis and we need to have clarification as to who  
23 would be responsible for those re-exportation charges  
24 should the solid wood packing material, again, is found  
25 not in compliance with the rule.

26 MR. CAMPBELL: It sounds to me it would be Airborne Express.  
27 Are you the one palletizing the material?

28 MR. FIDLER: No.

29 MR. CAMPBELL: You're just shipping it?



1 MR. FIDLER: Yes.

2 MR. CAMPBELL: It sounds to me like it would be the  
3 responsibility of the person in control.

4 I don't know. How would you --?

5 MR. REEVES: Well, without making a decision as to who's going  
6 to get charged, which really falls out of our arena. If  
7 someone were to make an entry on this and if it was not  
8 in compliance we would not allow the entry to be made and  
9 customs would support this. So, what literally would  
10 happen is you would have a commodity that you would  
11 attempt to make an entry, it would be out of compliance.  
12 We would issue probably something like an emergency  
13 action order saying that this commodity has to be either  
14 destroyed, separated and destroyed, or re-exported.

15 And as to the matter of who handles the cost, from  
16 your end, would probably depend on your contract, on your  
17 business practices.

18 MR. FIDLER: Would you recognize the intended importer, the  
19 importer of record, the principal to that transaction,  
20 and hold them responsible?

21 MR. CAVEY: Well, in normal circumstances a broker of some  
22 sort makes an entry for someone and that's who we  
23 recognize -- and that is the company that we deal with.

24 MR. FIDLER: So regardless of how the shipment is paid for, if  
25 an entry is made on behalf of an importer and that  
26 importer is recognized as the importer of record, then  
27 that party should be held liable for destruction or re-  
28 exportation?

29 MR. CAVEY: That's the way the rule is written. The importer

1       has to supply the documentation to PPQ. It's similar to  
2       like a shipping line. We're not going to hold Cosco  
3       responsible for all the containers on their ship. It  
4       would be the individual importers that are responsible  
5       for supplying the documentation to PPQ. So, it would be  
6       similar to that.

7               But, again, you're kind of getting into business  
8       transactions between Airborne Express and the broker and  
9       we're not about to tell you how to run your business.

10   MR. FIDLER: Right.

11   MR. CAVEY: But ultimately it is the importer's  
12       responsibility.

13   MR. FIDLER: I recommend then that APHIS consider clarifying  
14       that part of the rule as to the financial responsibility  
15       for disposition, destruction and re-exportation and would  
16       like to have you consider eliminating or alleviating  
17       responsibility from the carrier on that note.

18               Thank you.

19   MR. CHRISTOPHER: My name is Kent Christopher, C-h-r-i-s-t-o-  
20       p-h-e-r. I'm with the Port of Seattle, Marine Division.  
21       Our concern primarily is with cargo diversion and  
22       uniformity as far as inspection on the West coast. Your  
23       Seattle staff is obviously very diligent in their role  
24       and responsibility and how they work with the community.  
25       Our market share out of cargo coming from China is  
26       approximately 14 percent. L.A./Long Beach is  
27       approximately 50 percent. Our concern is that USDA would  
28       be able to monitor and supply information back to us or  
29       any other interested party in that inspection rate out of

1 Southern California would be proportional to that of what  
2 would be going on in the Pacific Northwest.

3 So our question would be: Will USDA monitor and be  
4 able to supply that information?

5 MR. CAVEY: We will attempt to make this as balanced approach  
6 as possible. But you just mentioned one of the problems.  
7 It is one port that has the vast majority of these  
8 shipments and it has been very difficult for us to  
9 inspect the same percentage out of Long Beach as we have  
10 at other ports. But we understand that. We plan to make  
11 as much effort operationally as possible though to make  
12 sure -- to guarantee compliance through Long Beach as we  
13 do through Seattle or Oakland or anywhere else.

14 MR. CHRISTOPHER: Would that information be available as far  
15 as number of inspections in Southern California  
16 proportional to the import cargo?

17 MR. CAVEY: The number of inspections as to -- ?

18 MR. CHRISTOPHER: One out of a thousand containers or one out  
19 of a million--the actual number of inspections that your  
20 Southern California offices would be doing?

21 MR. CAVEY: Yes. I would not envision us routinely publishing  
22 the number of inspections from California --

23 MR. CHRISTOPHER: But if the request were made?

24 MR. CAVEY: But you can request that information and it would  
25 be available.

26 MR. CAVEY: Okay. Thank you very much.

27 MR. WANG: My name is Cheng Wang, last spelled W-a-n-g; first  
28 name, C-h-e-n-g. I'm with Rayonier.

29 My question is does APHIS have any specific rules

1           that govern the treatment methods? For example, the heat  
2           treatment?

3   MR. CAMPBELL: Yes, we've made them available in the Qs and  
4           As. We've extracted the treatments from our treatment  
5           manual, the treatments that we feel will control the pest  
6           and they're available at the registration table.

7   MR. WANG: Thanks.

8   MR. BRASHEM: My name is Marvin Brashem, that's B-r-a-s-h-e-m.  
9           I've been having my product fumigated for approximately  
10          one year after we ran into some problems here in Seattle.  
11          And is the certificate that's been acceptable for the  
12          past year, can I expect that that's going to continue to  
13          be acceptable or are there going to be changes there that  
14          are going to occur that we're going to have to make  
15          changes over there?

16   MR. CAMPBELL: Is it a certificate from the Ministry of  
17          Agriculture in China?

18   MR. BRASHEM: Yes, it's a methylbromide, I think, treatment.

19   MR. CAMPBELL: That would be acceptable.

20   MR. LIDSKY: Are there any other unregistered?

21   MR. RYAN: My name is Gary Ryan. I'm president of Airport  
22          Brokers Corporation. We are custom house brokers and  
23          foreign freight forwarders. And I wanted to follow up on  
24          what Kent Christopher said with the Port of Seattle in  
25          that we are competing in Seattle against other ports up  
26          and down the West coast and in the interior ports, too,  
27          Chicago, New York, Houston. So, whatever is done in  
28          Seattle we would like to have as a uniform policy  
29          throughout. If you're examining ten percent of the cargo

1 coming in from China through Seattle we want to make sure  
2 that Los Angeles gets ten percent inspected; Houston,  
3 Chicago, et cetera. Otherwise it's an unfair barrier  
4 importing through the Port of Seattle versus other ports  
5 throughout the U.S.

6 That brings up a couple questions. Number one,  
7 since Seattle is a port of arrival what are you going to  
8 be doing with cargo going in bond to inland destinations?  
9 Will the declarations have to be made at the port of  
10 arrival or can they go in bond and if they're going in  
11 bond is it going to be a risk to the environment of going  
12 in bond and allowing these beetles to multiply?

13 MR. REEVES: First off I'm assuming you're primarily talking  
14 about air shipments?

15 MR. RYAN: No, I'm talking about ocean freight shipments.

16 MR. REEVES: Ocean freight shipments, we will attempt to do  
17 our inspections and our monitoring at the port of first  
18 arrival, even though the documentation may actually be in  
19 an interior port.

20 MR. RYAN: But the statements have to be on the documentation  
21 presented, so if it's not then on an ocean bill of lading  
22 then the invoices and everything with the statements  
23 would have to be presented at the port of arrival?

24 MR. CAVEY: Yes, and let me just say two things about that.  
25 We are working very closely with customs right now to  
26 hopefully by the time this goes into effect -- well,  
27 we're certainly working with them in an attempt to modify  
28 the automated broker entry system to allow for electronic  
29 notification that you have the document in your

1       possession and whether that possession happens to be in  
2       an interior port or in your office here in Seattle. And  
3       if we are able to work that out, we're prepared to accept  
4       that as documentation with the understanding that if  
5       you're audited you'll have to come up with the document.

6       MR. RYAN: In order to change ABI, the automated broker  
7       interface, or ACS, the automated commercial system of  
8       customs, requires a changing in the program fields and  
9       there's so many vendors out there doing the software  
10      programming. But even if customs put something in, an  
11      extra field, by the time the programmers got around to  
12      getting us up on par with it we're looking at six months  
13      or a year down the road probably because there are I am  
14      estimating 70 to 100 different computer programmers that  
15      are making the software for custom brokers to send it  
16      into customs, so that's not going to happen immediately.

17             Now, if the examination is going to take place at  
18      the port of arrival, then Seattle, Los Angeles, are going  
19      to be more affected than say Chicago or New York that are  
20      inland ports. Can we get more manpower and more  
21      authorizations for bodies in Seattle so that it doesn't  
22      slow down the movement of cargo through Seattle and  
23      Tacoma.

24      MR. CAVEY: Okay, with that in mind we are certainly  
25      evaluating the ports, particularly the three major ports  
26      on the West coast to determine the need for possible TDY  
27      assignments, especially early in this -- soon after the  
28      interim rule goes into effect. And hopefully compliance  
29      will develop relatively quickly and that we could

1           certainly lessen that load. But we are evaluating the  
2           ports to determine how many bodies we think we need and  
3           how long we need to send them and to which ports we need  
4           to send them. But I would anticipate sending some  
5           additional help to the larger ports, or the ports that  
6           have a large volume of Chinese cargo.

7   MR. RYAN: The last question I have deals with consolidated  
8           cargo because a lot of cargo comes in consolidated  
9           containers with various shippers, various consignees.  
10          And my understanding is, and correct me if I'm wrong,  
11          that in a consolidated container, once it gets over to a  
12          container-freight station and it's de-vanned and  
13          everything, actually all the documents on a consolidation  
14          are presented at the same time. Somebody may have their  
15          shipment delayed or the documents delayed because they  
16          haven't made it through a bank, they haven't made it from  
17          the shipper. So the consolidated container may go over  
18          to the container freight station for de-vanning prior to  
19          all the entries being filed. Now, my understanding is  
20          that the container can go over, the container freight  
21          station can de-van the cargo; that if for any reason one  
22          of the shipments in that consolidation has a problem with  
23          the documentation, that particular shipment then would  
24          have to be exported or brought into compliance, but the  
25          other shipments in that container would not have a  
26          problem, is that correct?

27   MR. REEVES: That should be correct. There's always the  
28          possibility that at certain times of the year it may be a  
29          pest problem, that one shipment inside a consolidated

1 container could cause problems for others. I don't think  
2 that would be the normal.

3 MR. CAMPBELL: If the shipment is de-vanned already and  
4 separated then logically we would release two of the  
5 shipments and hold the one that doesn't have the  
6 certification, but if the shipment is consolidated in a  
7 sea container and one of those shipments is missing the  
8 certification, then there is a chance that there could be  
9 a delay to the other two.

10 MR. RYAN: I just want to make sure because normally speaking  
11 that container does not weight for entry for all the  
12 different bills of lading in that container. It moves  
13 directly to the container freight station, the cargo is  
14 brought out, put on the floor and then the entries are  
15 filed. Now, if the broker has the entry ahead of time or  
16 the importer, they can file the entry prior to arrival  
17 and we can file up to five days in advance. However,  
18 sometimes the documents are slow, they get lost, can be  
19 any number of problems, but we don't to have a container  
20 waiting with ten different ocean bills of lading in  
21 there, waiting on one set of documents that may be late  
22 in arriving. We don't want to slow down the freight  
23 coming through.

24 MR. REEVES: I wouldn't envision that being a problem.

25 MR. RYAN: Okay, and once again the cost of exporting these  
26 back out would come under the importer-of-record's bond,  
27 the importer who is posting the bond with customs,  
28 customs would make a demand for a delivery under the  
29 customs entry bond and then requiring the exportation or



1           destruction of the goods, what you were saying earlier,  
2           the gentleman from Airborne.

3   MR. CAMPBELL:   That's correct.

4   MR. RYAN:   Okay.   Thank you.

5   MS. JOHNSON:   Good morning.   I'm Barbara Johnson from Jet  
6           Equipment and Tools in Auburn, Washington.   We import  
7           machinery and tools from China as well as Taiwan and  
8           other Asian countries.

9           I've had quite a bit of experience in both Port of  
10          Seattle and Port of Tacoma on the USDA issue.   My  
11          question centers on the fumigation certificate.   I have  
12          been told a number of times when I submit a fumigation  
13          certificate by an inspector that "Well, it really doesn't  
14          mean anything to me because the Chinese can take and sign  
15          anything and so we're going to inspect it anyhow."   If I  
16          have a certificate that has a seal on it and it appears  
17          to be a valid fumigation certificate with the  
18          temperature, the duration, the material; why is USDA not  
19          accepting that and releasing the shipment?

20   MR. REEVES:   At this time, right now, there is no official  
21          recognition of foreign certificates for solid wood  
22          packing materials from China.   Now, once this interim  
23          rule comes into effect that will be part of the entry  
24          requirement at which time it will be a document that we  
25          will be accepting.

26          Now, let me be very precise and tell you that it is  
27          still subject to inspection and we will be monitoring  
28          some shipments that have fumigation certificates with  
29          them.

1 MS. JOHNSON: Okay. And that brings up another thing. I've  
2 seen and I can't remember the source, that when this goes  
3 into effect the emphasis will be on machinery, tools and  
4 exercise equipment. We don't import exercise equipment  
5 but we certainly fall into the rest of it. Can I  
6 anticipate all my shipments being inspected for a period  
7 of time regardless of fumigation certificate?

8 MR. REEVES: I would think that you would have to anticipate  
9 that; no, ma'am. But you did point out something. We  
10 are finding a lot of the pests in exercise equipment and  
11 tools and machinery. I think probably because they  
12 probably have larger pieces of packing wood material.  
13 Although we have found it in pallets and other things  
14 also.

15 MS. JOHNSON: At least two months ago we notified all of our  
16 China suppliers that they are going to be required to  
17 either certify that there is absolutely no wood in the  
18 shipment or they must fumigate and we're seeing probably  
19 about 90 plus percent at this time. So, we're moving  
20 toward as complete a compliance as possible.

21 I heard through someone at customs the other day  
22 that they had received a phone call from someone in the  
23 Long Beach area saying, "What is this all about?" That  
24 blew my mind.

25 MR. CAMPBELL: We're going to have a similar public hearing in  
26 Long Beach. Hopefully we'll be getting the word out.

27 MS. MOORE: My name is Debbie Moore, M-o-o-r-e. I'm a custom  
28 house broker working for Global Transportation Services.  
29 My questions is, I need a clarification, at the beginning

1           in your initial remarks you mentioned that this rule is  
2           going to apply to cargo from China and Hong Kong. This  
3           is the first that I've heard that it's going to be Hong  
4           Kong. I would like to know how it's going to affect  
5           cargo that originates in Hong Kong or cargo that  
6           originates elsewhere and transits over Hong Kong, it  
7           doesn't come from China.

8   MR. CAMPBELL: Cargo originating in Hong Kong, right now as we  
9           speak, requires this official certification. The main  
10          reason for this as Joe already mentioned, the real pest  
11          problem in China where this pest is doing most of its  
12          damage is in northern China. But also I mentioned that  
13          50 percent of mainland China's exports to the United  
14          States come through Hong Kong. So, there's a big hole  
15          there. The only way we felt we could fill that hole is  
16          to require the same certification from Hong Kong as  
17          required from China.

18   MS. MOORE: So that will be a certification by the Hong Kong  
19          government.

20   MR. CAVEY: Right. That will be acceptable.

21   MS. MOORE: It's rare, but if you see cargo originating  
22          elsewhere than China, elsewhere than Hong Kong, that  
23          transits Hong Kong, it needs a Hong Kong certificate as  
24          well?

25   MR. CAVEY: No, if the origin can be proven that the origin is  
26          outside of China and Hong Kong a certificate will not be  
27          mandatory.

28   MS. MOORE: When you say can be proven, --

29   MR. CAVEY: Well, on the custom's entry --

1 MS. MOORE: The country of origin will do that?

2 MR. CAVEY: The country of origin will be there on there  
3 entry, saying, it's from Taiwan or from Philippines or  
4 Malaysia.

5 MS. MOORE: Right. Thank you.

6 MR. LIDSKY: As a point of clarification, we need to emphasize  
7 here and hereafter that the problem was largely brought  
8 to our attention and everyone else's in the world by the  
9 Asian Longhorned beetle's presence in the U.S. But this  
10 is a widespread pest problem of many different kinds of  
11 pests that can cause harm to our forests. As Dr. Denison  
12 pointed out it can be diseases, it can be bark beetles  
13 and as our risk assessment showed there are also other  
14 longhorned beetles involved; so, although the Asian  
15 Longhorned beetle only occurs in part of China, there are  
16 pests throughout China including southern China that are  
17 of major concern to us and they comprise a large  
18 percentage also of all these interceptions that I talked  
19 about earlier.

20 MR. CAMPBELL: Point well taken.

21 MR. LIDSKY: I have a follow-up remark. We are developing an  
22 advance notice of proposed rule making which will ask  
23 questions concerning alternatives to solid wood packing  
24 material that comes from all countries of the world.  
25 We're focusing on China at this hearing, but we recognize  
26 that solid wood packing material is problematic from  
27 elsewhere as well and there will be an announcement in  
28 the Federal Register to address that, either late this  
29 year or early next year.

1 Yes, sir?

2 MR. ODOM: I have one follow-up question. My name is Steve  
3 Odom with the Eddie Bauer Corporation.

4 Mr. Christopher from the Port of Seattle raised the  
5 issue about diversion of cargo to other ports. If this  
6 is an issue with all of North America, what is the  
7 Canadian's response and how are they reacting to this?  
8 Are they putting together a similar or like set of  
9 regulations or scheme?

10 MR. CAMPBELL: Yes. We just attended the North American Plant  
11 Protection organization's annual conference. This is a  
12 regional plant protection organization comprise of the  
13 countries of Mexico, Canada and the United States. The  
14 focus on this year's meeting was wood packing material  
15 and we have every indication to believe that the  
16 Canadians and the Mexicans will soon be developing  
17 similar regulations.

18 MR. CAVEY: In addition to that we are even working with them  
19 on the intensity of inspections. They've asked us to  
20 participate, to talk with Canada, as to how stringent and  
21 what percentage of shipment's we're going to monitor.

22 MR. LIDSKY: Is there anyone else who has any comments or  
23 questions? Yes, sir.

24 MR. TIAN: My name is Charlie Tian, T-i-a-n, from --,  
25 Incorporated. We've been exporting logs from the West  
26 coast to China, Japan and Korea, and recently we're being  
27 asked by the Chinese quarantine officials to present USDA  
28 quarantine certificate on the origin and also on the  
29 quality of the logs. This is the first time we've

1 encountered that. This just happened about ten days ago.

2 Is this kind of counter measure from China's side  
3 for U.S. Government's sanctions on this solid wood  
4 packaging materials, or what?

5 MR. LIDSKY: I can't answer that. We can't speak for the  
6 government of China.

7 MR. TIAN: But are you aware of this kind of things happening  
8 on the other side of the ocean?

9 MR. LIDSKY: This is the first I've heard of it.

10 MR. TIAN: We contacted the USDA's office in Alaska and we  
11 were told that they are experiencing several requests  
12 from other wood export companies in the West coast.

13 MR. LIDSKY: Thank you.

14 Is there anyone else who has any comments?

15 Ladies and gentlemen, thank you very much for coming  
16 today. We've received some excellent questions and  
17 comments which are going to help us in this proceeding  
18 and I'm going to adjourn today's hearing. Thank you.

19 (Hearing adjourned at 10:25 a.m.)

REPORTER'S CERTIFICATE

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DOCKET NO.: N/A  
CASE TITLE: Solid Wood Packing Material From China  
HEARING DATE: November 3, 1998  
LOCATION: Seattle, Washington

I hereby certify that the proceedings and evidence are  
contained fully and accurately on the tapes and notes  
reported by me at the hearing in the above case before the  
United States Department of Agriculture.

Date: November 3, 1998

Robert A. Gee

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